

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF SHELBY)	
ENERGY COOPERATIVE, INC. FROM)	CASE NO. 2004-00481
NOVEMBER 1, 2002 TO OCTOBER 31,)	
2004)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission on December 13, 2004 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Shelby Energy Cooperative, Inc. ("Shelby") for the 2 years ended October 31, 2004.

As part of this review, the Commission ordered Shelby to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Shelby has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Shelby has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky Power Cooperative, Inc. ("EKPC"), the wholesale supplier of Shelby, has been authorized to transfer (roll-in) a 4.65 mills per kWh increase in the base fuel cost to its base rates.¹

3. Shelby should be authorized to transfer (roll-in) a 4.83 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 4.65 mills per kWh increase in EKPC's base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

4. The rates and charges in Appendix A are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rates.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Shelby through the FAC for the period November 1, 2002 to October 31, 2004 are approved.

2. Shelby is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by EKPC from its FAC to its base rates.

3. The rates in Appendix A are approved for service rendered by Shelby on and after June 1, 2005, the effective date of EKPC's change in rates.

4. Within 30 days of the date of this Order, Shelby shall file with the Commission revised tariff sheets setting out the approved rates.

¹ Case No. 2004-00464, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2002 to October 31, 2004.

Done at Frankfort, Kentucky, this 24th day of May, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00481 DATED MAY 24, 2005

The following rates and charges are prescribed for the customers in the area served by Shelby Energy Cooperative, Inc. All other rates and charges not specifically mentioned in this Order shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATE 1 GENERAL SERVICE

First 600 kWh per kWh	\$.06758
Next 1,400 kWh per kWh	\$.06583
All Over 2,000 kWh	\$.06451

Rate 10 OPTIONAL RESIDENTIAL, CHURCH AND SCHOOL SERVICE

All kWh per kWh	\$.05618
-----------------	-----------

RATE 2 LARGE POWER

First 100 kWh per kW Demand	\$.05384
Next 100 kWh per kW Demand	\$.04827
All Over 200 kWh per kW Demand	\$.04271

RATE 22 OPTIONAL TOD DEMAND

First 100 kWh per kW Demand	\$.05384
Next 100 kWh per kW Demand	\$.04827
All Over 200 kWh per kW Demand	\$.04271

RATE 3
OUTDOOR AND STREET LIGHTING SERVICE

Flat rate per light per month as follows:

HPS 100 Watt Security Light	\$ 6.51
HPS 100 Watt Decorative Colonial Light	\$ 8.90
HPS 400 Watt Directional Flood Security and Street light	\$ 12.39
HPS 250 Watt Directional Flood Security and Street light	\$ 9.26
HPS 150 Watt Decorative Acorn Light	\$ 10.51

RATE ETS
OFF-PEAK RETAIL MARKETING RATE

All kWh per kWh	\$.03871
-----------------	-----------

SCHEDULE B1
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.03567
-----------------	-----------

SCHEDULE B2
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.03067
-----------------	-----------

SCHEDULE B3
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.02967
-----------------	-----------

SCHEDULE C1
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.03567
-----------------	-----------

SCHEDULE C2
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.03067
-----------------	-----------

SCHEDULE C3
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.02967
-----------------	-----------

RATE 33
SPECIAL OUTDOOR LIGHTING SERVICE

All kWh per kWh	\$.04264
-----------------	-----------